

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN JOHN WITT**, on February 9, 2001 at 8.00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. John Witt, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Rep. Art Peterson (R)

Members Excused: None.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Amy Carlson, OBPP
Pam Joehler, Legislative Branch
Cayenna Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: MAES Institute for Biobased Products
Executive Action: MAES Institute for Biobased Products; LFD Budget Language Recommendations

{Tape : 1; Side : A; Approx. Time Counter : 0}

HEARING ON MONTANA AGRICULTURE EXPERIMENT STATION PROPOSED INSTITUTE FOR BIOBASED PRODUCTS/FOOD SCIENCE

Ms. Pam Joehler, Legislative Fiscal Division, handed out the following entitled, "Legislative Action-Differences from Martz

executive budget Education Joint Appropriations Subcommittee as of 2/8/01":

EXHIBIT(jeh33a01)

{Tape : 1; Side : A; Approx. Time Counter : 0.8; 8:10 a.m.}

Dean Sharron S. Quisenberry, Director Montana Agriculture Experiment Station and Dean MSU College of Agriculture, presented at the committees request the new proposal to fund the Institute for Biobased Products/Food Science. Her presentation can be found in the following:

EXHIBIT(jeh33a02)

Dean Quisenberry testified that the Institute for Biobased Products/Food Science would do much to revitalize the agriculture economy in rural Montana. This would be a unique operation in the region.

{Tape : 1; Side : A; Approx. Time Counter : 17.9; 8:25 a.m.}

PUBLIC TESTIMONY

Mr. John Youngberg, Montana Farm Bureau, testified to the committee that Montana is in a new age of agriculture. He stated in the preceding century research has concentrated solely on increased production. He compared Montana to Canada and explained that Canada has 10 different types of grain they grow in response to different markets. He refuted rumors that Canada was more successful due to their producers being highly subsidized, but rather that the government provided a great deal of indirect support to producers via insurance, low interest rates, and market driven research.

Mr. Dave Dooley, Provost and Vice President Academic Affairs, Montana State University (MSU), testified that MSU supported **Dean Quisenberry**. He explained the Institute is best placed at a university where students and faculty from a variety of disciplines can work within the institute. He said MSU is committed to partnership and will provide leverage for federal and private investments in the program.

Mr. Mark Peterson, a producer from Havre, stated he supports the MAES group and that farmers do not want handouts, but need the tools to compete in a global marketplace. Some farmers receive as much as 50% of their income in federal subsidies.

Mr. Bob Stevens, Montana Grain Growers Association, stated Montana needs research badly and that he is willing to write the first check for \$1,000.

{Tape : 1; Side : A; Approx. Time Counter : 26.5}

Ms. Carol Lambert, representing **Women in Farm Economics (WIFE)**, testified that research is needed badly.

Questions from Committee Members:

SEN. MILLER asked if Canada was more successful because they were importing foreign laborers. **Mr. Youngberg** explained that in packing plants the average height is about 4'11". However, Canadian farms have excellent technology; Carefoot Farms does continuous seeding of 9000 acres with the father, the son and one hired hand. He also explained that every town has their own manufacturing plant. **Mr. Youngberg** said government farm "subsidy" is the wrong word for Canadian farmers, but use instead the word "support".

{Tape : 1; Side : B; Approx. Time Counter : 0.4; 8:40 a.m.}

REP. PETERSON asked if MAES had any leverage against the USDA. **Dean Quisenberry** explained they had begun partnerships with private sector companies such as Dupont and Pioneer Seeds. She noted that it is estimated for every job in the meat production industry, 250 jobs are created in the marketplace. The intent of the Institute is rural economic development.

CHAIRMAN WITT asked **Mr. Youngberg** what Montana can do to take part in globalization and how Montana can compete given the World Trade Organization. **Mr. Youngberg** explained local producers need to work directly with countries along the Pacific Rim to determine their needs. **Dean Quisenberry** explained that as China's quality of living increases, they will demand better protein sources and Montana beef can be supplied to MacDonald's all over the country. **CHAIRMAN WITT** stated his impression was that Montana is not just competing with other countries, but all the other states in the U.S. for exporting agriculture. **Dean Quisenberry** explained that because Montana does not have any processing plants, producers are giving away their goods, and other states are making money on Montana's animals.

At **SEN. JOHNSON'S** request **Dean Quisenberry** explained that of the 6 FTE requested not all were linked totally with the Institute of Biobased Products. The ingenuity of an institute is that MSU can be flexible and create an interdisciplinary environment composed of graduate students and faculty from the Colleges of Business,

Engineering, Education, Health and Human Development, and Agriculture to work together. This Institute was approved by the Board of Regents; however, it was not approved in the Racicot Executive Budget.

{Tape : 1; Side : B; Approx. Time Counter : 10.7}

REP. BUZZAS asked whether DP 5-Additional space for operations, a new proposal the committee failed to approve in previous executive action for Program 09-Appropriation Distribution Agricultural Experiment Station, is the same proposal being discussed as the Biobased Institute. **Ms. Joehler** explained that DP 5 was related to space in the Ag-BioSciences building for a difference program and not for the Institute. **Dean Quisenberry** explained that MAES has a proposal to plan for space for the Biobased Institute on the MSU Bozeman campus. It will be funded without cost to the state due to a land settlement and fund raising.

REP. PETERSON asked whether there were similar programs elsewhere and **Dean Quisenberry** reported it would be a unique program in the area.

SEN. JERGESON asked if the legislature was willing to approve funding for the Institute contingent on a \$2 to \$1 match by cash contributions from the private sector, would his members be willing to make those cash contributions. **Mr. Youngberg** responded he felt most of the members of the Montana Farm Bureau would be willing to contribute to the Institute. **Mr. Stevens** stated if the committee funded the Institute, he would write a check for \$1,000 before the hearing was over. **Ms. Lambert** stated that WIFE contributes a great deal to raising money for agriculture and would be willing also to help on this. **Dean Quisenberry** stated she is confident she can find the matching funds. **Mr. Steve Pilcher, Executive Vice President, Montana Stock Growers Association**, added he felt the match could be made with innovation. **Mr. Peterson** said he could not speak for all producers but that he was already contributing a great deal. Presently he has a 50-acre plot set aside for alternative plant growth experimentation.

{Tape : 1; Side : B; Approx. Time Counter : 23.2}

SEN. MILLER commented that this sounds like an exciting program; however, this sort of discussion had been going on forever. Farmers are producing more but he does not see the farmers getting more. **Provost Dooley** explained that this Institute seeks to attack that directly. The Institute belongs in a university

because of issues like the WTO, which **CHAIRMAN WITT** had been concerned about. **Dean Quisenberry** also stated those issues are exactly what the Institute is trying to address. She added Montana needs to be involved in agriculture in every step from "field to plate". **Mr. Peterson** explained that transportation is a big issue. When agricultural products are processed in-state, Montana consumers pay less and non-Montanans pay freight charges.

CHAIRMAN WITT stated he appreciated hearing the discussion. If the Institute is not passed, there may be other ways to work towards those goals and re-prioritize in order to eliminate items that no longer are necessary.

FINAL EXECUTIVE ACTION

{Tape : 1; Side : B; Approx. Time Counter : 31.5; 9:40; After 25 minute break.}

Ms. Joehler provided a handout for the committee regarding the Fire Service Training School additional fire trainer staff for the 2003 biennium:

EXHIBIT(jeh33a03), **EXHIBIT**(jeh33a04)

{Tape : 2; Side : A; Approx. Time Counter : 4.1}

Motion/Vote: **REP. WITT** moved to **RECONSIDER FIRE SERVICE TRAINING SCHOOL**. Motion carried unanimously.

Motion/Vote: **SEN. JOHNSON** moved that **FUND FIRE SERVICE SCHOOL TRAINER 1 FTE AND .25 SUPPORT STAFF AT \$102,009 IN FY02 AND \$65,000 IN FY03 BE ADOPTED**. Motion carried unanimously.

{Tape : 2; Side : A; Approx. Time Counter : 5.8}

Motion: **SEN. MILLER** moved that **RECONSIDER DP 401-COMMUNITY COLLEGE ENROLLMENT INCREASE BE ADOPTED**.

Motion/Vote: **SEN. MILLER** moved that **RECONSIDER DP 401-COMMUNITY COLLEGE ENROLLMENT INCREASE BE ADOPTED**. Motion carried 4-2 with **Buzzas** and **Jergeson** voting no.

Discussion: **Ms. Joehler** verified for the committee that a reduction of 74 student FTE would provide the \$200,000 annual reduction sought by the motion.

Motion/Vote: SEN. MILLER moved that **REDUCE COMMUNITY COLLEGE ENROLLMENT BY 74 FTE BE ADOPTED.** Motion carried 5-1 with Jergeson voting no.

{Tape : 2; Side : A; Approx. Time Counter : 12.2}

Motion: SEN. MILLER moved that **NEW PROGRAM AGRICULTURE EXPERIMENT STATIONS FUND INSTITUTE FOR BIOBASED PRODUCTS/FOOD SCIENCE AT \$200,000 PER YEAR IN THE BIENNIUM BE ADOPTED.**

Discussion: The \$200,000 per year would come from the general fund. **Provost Dooley** stated he would commit to helping match those funds with non-public funds. **SEN. JERGESON** explained that he would rather see the state fund the Institute with \$340,000 of general fund and with \$170,000 of annual support from the private sector. **SEN. MILLER** said he wanted to stick with a minimum match of \$170,000 per year. There was much discussion between **SEN. JERGESON** and **SEN. JOHNSON** concerning how and when the general funds would be distributed based on whether the matched funds would need to be gathered in full each year before distribution or the funds could be distributed on a 2-to-1 basis. **SEN. JERGESON** explained that this will be a line item contingent on receipt of \$140,000 non-public funds each year, which includes federal funds. **Ms. Carlson** explained that the Wheat and Barley Fund is from a tax on all grain.

Motion/Vote: SEN. MILLER moved to **FUND NEW PROPOSAL, AGRICULTURE EXPERIMENT STATION INSTITUTE FOR BIOBASED PRODUCTS/FOOD SCIENCE AT \$200,000 PER YEAR GENERAL FUND INCLUDING LANGUAGE THAT REQUIRES \$140,000 NON-PUBLIC MATCH BEFORE THE \$140,000 GENERAL FUND WILL BE DISTRIBUTED EACH YEAR AS A LINE-ITEM BE ADOPTED AS AMENDED.** Motion carried unanimously.

LFD Budget Analysis Language Recommendations:

{Tape : 2; Side : A; Approx. Time Counter : 27.8; 11:10 a.m.}

Motion/Vote: SEN. MILLER moved that **LANGUAGE ON LUMP SUM BE ADOPTED.** Motion carried unanimously.

Motion/Vote: SEN. MILLER moved that **ADDITIONAL LANGUAGE STATING, "THE DECISION OF THE LEGISLATURE TO DENY FUNDS FOR INITIATIVES OR BUDGET REQUESTS PROPOSED BY THE GOVERNOR AND THE BOARD OF REGENTS FOR THE 2003 BIENNIUM DOES NOT IMPLY AN INTENT TO PROHIBIT THE BOARD OF REGENTS FROM IMPLEMENTING THOSE INITIATIVES UNLESS SPECIFICALLY STATED OTHERWISE IN [THIS ACT]" BE ADOPTED.** Motion carried 4-2 with Buzzas and Jergeson voting no.

EXHIBIT(jeh33a05)

Motion/Vote: SEN. MILLER moved that **ADDITIONAL LANGUAGE STATING "ITEM [INCREASED STATE SUPPORT PER RESIDENT STUDENT FTE] IS INTENDED BY THE LEGISLATURE ONLY TO BE USED TO INCREASE STATE SUPPORT FOR RESIDENT STUDENT FTE AT THE UNIVERSITY UNITS EACH YEAR OF THE 2003 BIENNIUM" BE ADOPTED.**

EXHIBIT(jeh33a06)

Discussion: SEN. JERGESON reminded the committee they have no power over the lump sum allocated, and given the kind of inflationary restraints MUS faces and what the committee allocated in this session, it is unfair to place further restrictions on their funds. SEN. MILLER explained this is only to show the intent of the legislature to increase funding to each student FTE. When the committee eliminated the new proposal to increase student FTE by \$100 approved in the Martz budget, they were not showing legislative intent but reducing the overall lump sum. SEN. JOHNSON asked that "only" be taken out of the second sentence and Mr. Mark Bruno, OBPP, agreed. REP. BUZZAS and SEN. JOHNSON explained they felt this language was not useful as the legislature does not have control over choosing what gets funded in the lump sum. (Note: the committee did approve this new proposal.) SEN. MILLER stated he first added language to show that the committee did not eliminate any MUS programs, they only reduced the lump sum. This may be redundant but it shows the legislative intent to increase state funding per student FTE despite the committee recommendations to decrease the overall MUS lump sum.

{Tape : 2; Side : B; Approx. Time Counter : 3.9}

Motion: SEN. MILLER moved that **STRIKE 'ONLY' FROM ADDITIONAL LANGUAGE NOW STATING, "ITEM [INCREASED STATE SUPPORT PER RESIDENT STUDENT FTE] IS INTENDED BY THE LEGISLATURE TO BE USED TO INCREASE STATE SUPPORT FOR RESIDENT STUDENT FTE AT THE UNIVERSITY UNITS EACH YEAR OF THE 2003 BIENNIUM" BE ADOPTED AS AMENDED.**
Motion carried 4-2 with Buzzas and Jergeson voting no.

{Tape : 2; Side : B; Approx. Time Counter : 8.4}

Motion: REP. BUZZAS moved that **AMEND LANGUAGE ON RESIDENT ENROLLMENT REQUIREMENTS IN THE UNITS AND COT'S STRIKING, "IF ACTUAL RESIDENT STUDENT ENROLLMENT IS GREATER THAN THE ESTIMATED NUMBER FOR THE BIENNIUM, THE UNIVERSITY SYSTEM SHALL SERVE THE ADDITIONAL STUDENTS WITHOUT A STATE GENERAL FUND CONTRIBUTION" AND ADDING THE FOLLOWING, "THERE IS APPROPRIATED TO THE BOARD OF**

REGENTS FROM THE STATE GENERAL FUNDS AN ADDITIONAL \$1,914 FOR EACH ACTUAL FTE STUDENT THAT ENROLLS IN EXCESS OF THE ENROLLMENT ESTIMATE FOR THE 2003 BIENNIUM, UP TO \$1,914,000 IN THE 2003 BIENNIUM," BE ADOPTED.

EXHIBIT (jeh33a07)

Discussion: REP. BUZZAS explained that if student enrollment is greater than the projections, the extra students do not get equal funding. She asked that the legislature reward the community college enrollment projections in the same way they penalize them when enrollment projections are low. SEN. JOHNSON stated he felt this would induce the community colleges to increase enrollment projections as they only return a portion of the funds they receive per FTE student. Mr. Sundsted informed SEN. JOHNSON that was not true; in fact, MUS returned the full student FTE amount when enrollment projections were not met. SEN. MILLER stated he was frustrated with K-12 due to the fact that when enrollments are down, schools argue that it costs the same to fund a small classroom and likewise when enrollment is up they want more money. REP. BUZZAS stated that both K-12, and the University System are underfunded. Ms. Joehler explained this motion would affect the general fund.

Motion/Vote: REP. BUZZAS moved to AMEND LANGUAGE ON RESIDENT ENROLLMENT REQUIREMENTS IN THE UNITS AND COT'S STRIKING, "IF ACTUAL RESIDENT STUDENT ENROLLMENT IS GREATER THAN THE ESTIMATED NUMBER FOR THE BIENNIUM, THE UNIVERSITY SYSTEM SHALL SERVE THE ADDITIONAL STUDENTS WITHOUT A STATE GENERAL FUND CONTRIBUTION" AND ADDING THE FOLLOWING, "THERE IS APPROPRIATED TO THE BOARD OF REGENTS FROM THE STATE GENERAL FUNDS AN ADDITIONAL \$1,914 FOR EACH ACTUAL FTE STUDENT THAT ENROLLS IN EXCESS OF THE ENROLLMENT ESTIMATE FOR THE 2003 BIENNIUM, UP TO \$1,914,000 IN THE 2003 BIENNIUM" BE ADOPTED. Motion failed 2-4 with Buzzas and Jergeson voting aye.

{Tape : 2; Side : B; Approx. Time Counter : 19.5}

Motion: REP. BUZZAS moved to AMEND RESIDENT ENROLLMENT REQUIREMENTS IN THE UNITS AND COT'S STRIKING, "IF ACTUAL RESIDENT STUDENT ENROLLMENT IS LESS THAN THE ESTIMATED NUMBER FOR THE BIENNIUM, THE COMMISSIONER OF HIGHER EDUCATION SHALL REVERT \$1,914 IN GENERAL FUND MONEY TO THE STATE FOR EACH ESTIMATED FTE STUDENT WHO DID NOT ENROLL" BE ADOPTED.

EXHIBIT (jeh33a08)

Discussion: REP. BUZZAS stated she is trying to support students since the current policy does not support students. SEN.

JERGESON explained to this committee that this would not affect the general fund. SEN. JOHNSON added this would give MUS an

incentive to estimate enrollment higher than is realistic. Ms.

Carlson explained that enrollment projections are always reviewed by OPBB and that presently enrollment projections are very good.

Ms. Joehler explained that if this did not work the legislature always has the option to reinsert the language. Mr. Sundsted

stated the reversion amount is very small. They over projected by 100 students out of 50,000 students.

Motion/Vote: REP. BUZZAS moved that AMEND RESIDENT ENROLLMENT REQUIREMENTS IN THE UNITS AND COT'S STRIKING, "IF ACTUAL RESIDENT STUDENT ENROLLMENT IS LESS THAN THE ESTIMATED NUMBER FOR THE BIENNIUM, THE COMMISSIONER OF HIGHER EDUCATION SHALL REVERT \$1,914 IN GENERAL FUND MONEY TO THE STATE FOR EACH ESTIMATED FTE STUDENT WHO DID NOT ENROLL" BE ADOPTED. Motion failed 2-4 with Buzzas and Jergeson voting aye.

{Tape : 2; Side : B; Approx. Time Counter : 26.4}

Motion: SEN. JERGESON moved that ADOPT RESIDENT ENROLLMENT RATE WITH 50% REVERSION RATE, CHANGING \$1,914 TO \$1,957 BE ADOPTED.

Discussion: This would be the 50% reversion rate on enrollment projections. He stated there will be a boost in tuition. He continued that given tuition impact and the law of supply and demand, when prices go up there will be less demand for higher education. This will help MUS manage those periods when tuition decreases.

Motion/Vote: SEN. JERGESON moved that ADOPT RESIDENT ENROLLMENT RATE WITH 50% REVERSION RATE, CHANGING \$1,914 TO \$1,957 BE ADOPTED. Motion failed 2-4 with Buzzas and Jergeson voting aye.

{Tape : 2; Side : B; Approx. Time Counter : 30.1}

Motion: SEN. MILLER moved that LFD LANGUAGE FOR RESIDENT ENROLLMENT REQUIREMENTS IN THE UNITS AND COT'S AS WRITTEN BE ADOPTED. Motion carried 4-2 with Buzzas and Jergeson voting no.

SEN. JOHNSON stated he was not comfortable with the recent 25% increase in audit costs from the last biennium. He stated he does not know how to change it but hopes the matter will be investigated.

{Tape : 3; Side : A; Approx. Time Counter : 0.2}

Motion/Vote: SEN. JOHNSON moved that LFD LANGUAGE ON AUDIT COSTS BE ADOPTED. Motion carried unanimously.

Motion/Vote: SEN. JOHNSON moved that LANGUAGE CONTAINED IN LFD BUDGET ANALYSIS REGARDING AGRICULTURE EXPERIMENT STATION BE ADOPTED. Motion carried unanimously.

Regarding NRIS SEN. JOHNSON said he was not comfortable with NRIS charging for services while the Bureau of Mines and Geology did not charge for theirs.

Motion/Vote: SEN. JOHNSON moved that LANGUAGE CONTAINED IN LFD BUDGET ANALYSIS REGARDING NRIS ON PAGE E-81 BE ADOPTED. Motion carried 5-1 with Miller voting no.

{Tape : 3; Side : A; Approx. Time Counter : 9.8; 10:55 a.m.}

Motion/Vote: SEN. MILLER moved that LINE ITEM THE YELLOW BAY BIOLOGICAL STATION IN THE AMOUNT OF \$416,030 EACH YEAR OF THE 2003 BIENNIUM, TO BE FUNDED FROM THE BASE GENERAL FUND BUDGET OF THE EDUCATIONAL UNITS BE ADOPTED. Motion failed 3-3 with Miller, Peterson, and Witt voting aye.

EXHIBIT (jeh33a09)

REP. BUZZAS stated she would be more favorable to this motion if the money was not taken out of the MUS lump sum. She feels this is a backdoor attempt to usurp the power of MUS and that the amount allocated seemed random. **Ms. Rosi Keller, Associate Vice President, University of Montana Administration and Finance,** testified to the committee that the University of Montana does not support this motion. She explained that setting a precedent for line-iteming departments would be harmful. **SEN. JERGESON** stated this motion would set precedence for micro managing all MUS departments.

Motion/Vote: CHAIRMAN WITT moved that CLOSE SECTION E OF THE OF THE HOUSE APPROPRIATIONS COMMITTEE DO PASS. Motion carried 5-1 with Buzzas voting no.

{Tape : 3; Side : A; Approx. Time Counter : 15.4; 11:00 a.m.}

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. JOHN WITT, Chairman

CAYENNA JOHNSON, Secretary

JW/CJ

EXHIBIT (jeh33aad)